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CABINET

7 AUGUST 2023

Present: Councillors Barnett (Chair), Evans (Vice-Chair), Batsford, Cannan, Rogers and Willis.

In attendance: Jane Hartnell (Chief Executive), Kit Wheeler (Chief Finance Officer), Mary Kilner (Chief Legal Officer), Victoria Conheady (Deputy Chief Executive – Director of Place), Amy Terry (Property and Commercial Assets Manager)

16. APOLOGIES FOR ABSENCE

Apologies received from Councillor Roark.

17. DECLARATION OF INTERESTS

None.

18. MINUTES OF LAST MEETING

RESOLVED – that the minutes of the meeting held on 3rd July 2023 be approved as a true record.

19. PUBLIC QUESTION TIME (30 MINUTES)

No questions were received from members of the public.

20. FINANCE PEER REVIEW

The Chief Executive presented a report to set out the findings of the Local Government Association (LGA) Finance Peer Review Team and the actions taken, and being taken, by the council in response.

Hastings Borough Council invited the LGA to undertake a Finance Peer Review in March 2023 in the context of a difficult financial situation, particularly in relation to temporary accommodation provision.

All of the review team's recommendations have been accepted and the council will continue to work hard to address the immediate challenge. The LGA are confident that the savings set out by the council can be delivered.

The Chief Finance Officer welcomed the LGA report and thanked the Review Panel and officers who supported and took part in the review.

The Leader of the Council invited questions from other councillors present.

Councillor Hilton commented that some of the issues raised in the report have not been addressed, including the lack of joined-up thinking and a strategic approach to the housing and homelessness challenge. The Chief Executive replied that officers felt it appropriate to focus the response on the recommendations of the Peer Review, but

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all of their comments will be taken onboard. There may be some disagreements with the findings, but there is a focus on implementing the recommendations as set out.

Councillor Collins asked when councillors will see the figures supporting the projected reduction in the homelessness budget? The Chief Executive confirmed that these figures had been discussed at homelessness taskforce meetings.

Councillor Patmore suggested that, whilst the councillor idea form was paused for six months, it would be helpful if councillors could still submit ideas for saving money. The Chief Executive responded that due to the work programme of officers there needs to be a focus on delivery and the council doesn't have the capacity to consider any other suggestions at this time.

Councillor Jobson asked if the council could take advantage of the government's Rent a Room Scheme, where residents could get tax-free income for renting a spare room? The Chief Executive replied that the council only has capacity to undertake core statutory work. Priorities have been agreed in the short-term in consultation with the council's housing advisors.

Councillor Carr asked if selling Muriel Matters House had been considered? The Chief Executive replied that all buildings are being considered as part of the asset review but it should be noted that the council also receives rental income from Muriel Matters House.

Councillor Barnett said that the council needed to welcome ideas and support from across the town. The Peer Review is welcomed as part of a strategy to ensure the council is taking credible and sufficient action to meet the current challenges. Almost 100 actions have been outlined in response to the review report.

Councillor Barnett proposed approval of the recommendations, seconded by Councillor Willis.

RESOLVED (unanimously):

That:

- 1. Cabinet thanks the Local Government Association Peers for their time and input to assisting the Council to address its financial challenges and the impact of the local housing crisis which is impacting on the budget so significantly.**
- 2. That Cabinet note the actions taken since the Peer review in March.**
- 3. That Cabinet agree the council's response and the future actions set out in the table in appendix A.**

Reasons:

1. The Budget Council report in February 2023 set out the issues impacting on the Council's financial stability. Most notably these are as a result of the massive increase in costs of providing temporary accommodation for those homeless people to whom we owe a legal duty.

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2. The Budget report also set out the council's strategy to tackling the budget deficit, address the housing budget spend and identified that if these plans are achieved, the council would be in a position of financial stability by 2025/26.

3. In order to provide the council with confidence in its plans, the Local Government Association was invited to visit in March 2023 and undertake a Finance Peer Challenge. The Peer Team's final report and recommendations have been received and are presented together with the council's response. Details are included in the table in appendix A of the progress made to date in addressing the council's financial challenges, implementing the LGA recommendations as well as further planned actions.

21. LAND AND PROPERTY DISPOSAL PROGRAMME

In a change to the published agenda, this item was called second by the Leader of the Council.

The Chief Executive presented a report to seek approval of the sale of four council owned sites to generate capital receipts estimated at more than £3 million. This would help to reduce capital borrowing requirements and potential interest costs.

The sites listed for disposal have been considered by officers for some time and there has now been an opportunity to review the sites. The council no longer has capacity to develop its own housing, and this can be delivered quicker by others. Therefore, it is proposed that these disposals are brought forward. In relation to York Buildings officers have concluded the property is no longer suitable for delivery as social housing.

The Leader of the Council invited questions from other councillors present.

Councillor Beaney asked if there would be any implications for the brownfield land release funding received for Bexhill Road South, and what guarantee there is that any of the sites will be developed for social housing? The Chief Executive replied that the council would not advertise publicly the expected asking price for each asset as this will undermine the ability to get the best price. The brownfield land release fund will need to be refunded. It is an aspiration that these sites will be sold to social housing providers, but this cannot be guaranteed.

Councillor Hilton commented that part of the council's projected £1 million savings are based on the council building houses on some of these sites. The Chief Executive and Chief Finance Officer confirmed that projected savings will be adjusted accordingly.

Councillor Carr asked why there were no business cases for any of the proposals and if the Cabinet will commit to an urgent review into the York Buildings project? The Chief Executive replied that the council needed to make swift decisions to address the current housing crisis. The council has been working with partners to try to bring York Buildings forward but regrettably this has not been possible. Lessons are being learned and these will be applied to future projects.

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Councillor Patmore noted that without an asset management plan it is not clear how the decision to dispose of these assets has been arrived at. The Chief Executive replied that the council employs a number of chartered surveyors who liaise with colleagues within the sector. Senior leadership are content to take their advice that these sites are appropriate for sale at this time.

Councillor Collins asked if there was scope for using other local authorities to deliver housing when Hastings Borough Council has the land, but not the capacity to develop it? The Chief Finance Officer replied that the capacity of officers is not the only consideration. Developing the sites would mean the council borrowing money and accepting increased risk. It is unlikely any other authority would develop these sites on behalf of the council.

The meeting adjourned at 7.42pm and resumed at 7.46pm due to a technical issue with the live stream.

Councillor Barnett proposed approval of the recommendations, seconded by Councillor Evans.

RESOLVED (unanimously):

- 1. Add Land at rear of 419 to 447 Bexhill Road, Mayfield E, 12/13 York Buildings and land at Upper Wilting Farm, to the Council's Land and Property Disposal Programme.**
- 2. Approve the disposal of the sites in accordance with section 123 of the Local Government Act 1972 Local Government Act 1972 (legislation.gov.uk).**
- 3. Delegate authority to the Property & Commercial Assets Manager in consultation with the Leader of the Council and Finance Portfolio Holder to take all actions to dispose of the sites and agree the terms of the sales.**

Reasons:

1. Ahead of the wider Council strategic asset review we have conducted an initial review of the Council's assets and identified these sites can be brought forward for immediate sale for the reasons outlined in the report.
2. The sales will generate capital receipts currently estimated to be worth in the region of £3m. These capital receipts would then be reinvested into funding the capital programme and reduce external borrowing. This would therefore reduce our borrowing costs such as MRP (Minimum revenue Provision) as well as costly interest charges which are continuing to rise with interest rates.
3. This would have a beneficial impact on our revenue position and take some of the pressure off the Council services and general reserve balance which is continuing to be used to fund the revenue budgets for areas such as Homelessness.

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22. TREASURY MANAGEMENT UPDATE - 2023/24 QUARTER 1

The Chief Finance Officer presented a report to update the Cabinet on treasury management activities for quarter one.

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that councillors be updated on treasury management activities at least quarterly.

Councillor Barnett proposed approval of the recommendations, seconded by Councillor Batsford.

RESOLVED (unanimously):

Cabinet recommends the following to Full Council:

1. Note the report, the treasury activity and recommend approval of any changes to the prudential indicators.

Reasons:

To ensure that Members are fully aware of the activities undertaken in the last quarter, that Codes of Practice have been complied with and that the Council's strategy is effective and doesn't currently need revising.

Under the Code adopted the Full Council are required to consider the report and any recommendations made. There will be a further report forthcoming on Treasury Management for 2023/24 including the Mid-year Review, Quarter 3 Treasury Management Update Report and Outturn Report.

(The Chair declared the meeting closed at 8.04pm)

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